



Argonaut Global Gold Fund

Monthly Performance Report – January 2024

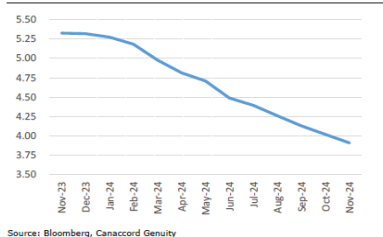
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Portfolio Update

- January was a challenging month for gold equities with a USD\$ rally, oscillating rate cut expectations driving a softer USD\$ gold price (-1.14% XAUUSD) and gold equities falling (-9.9% GDX US). AGGF fell 4.8% for the month with Gold Road (GOR) being a key contributor (-3%) of the negative performance post downgrading FY2024 earnings guidance. Gold Road referenced "labour availability issues" and "covid" as the reason for a decline in gold production during the fourth quarter at its tier one Gruyere mine. Gold Road subsequently provided revised guidance for FY2024 of 300,000 to 335,000 production ounces, a (-11%) miss versus prior guidance, at an AISC ranging from A\$1,900 to A\$2,050 per ounce, 24% higher than consensus. Gold Fields of South Africa is the mine operator and for a tier one operator at a tier one mine to have such a variation from guidance, we viewed the best course of action to exit the stock and wait for both the operator and management to regain credibility around operations. Considerably higher mining rates are required in CY24 by Gold Fields, and we will monitor the next quarterly production report closely and review any semblance of turnaround.
- A key position in AGGF includes tier one gold operator Northern Star (NST), who produced a strong fourth quarter production report (+4% versus consensus) and is entering a window of higher-grade gold extraction from the floor of the super pit (KCGM) and a robust production growth profile into FY2025. NST's ability to deliver operational stability, strong balance sheet versus peers and strong FY2025 production and grade growth places it in an enviable position within the sector.
- In a recent note, Canaccord noted "that past Fed easing cycles over the last 20+ years have corresponded with higher gold prices." We believe the market will continue to oscillate between the number and pace of Fed rate cuts, but we would remind investors that the trajectory of US and other central bank interest rates is lower. With this backdrop, gold equities have only traded cheaper in the early stages of 2024. Ultimately reductions in interest rates and most importantly the "real-rate" will be beneficial for gold and gold equities, but timing this inflection point is challenging and hence we prefer to stay positioned and ride out the short-term volatility to ensure we capture the move higher when it occurs as evidenced by historical analysis below.



Figure 24: Fed funds futures curve

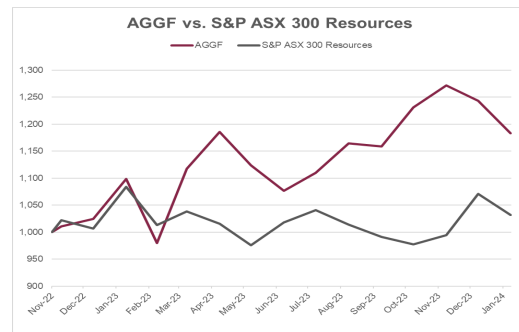


Fund Performance

	1 Month	3 Months	FYTD	CYTD	Inception
AGGF	-4.8%	-3.9%	10.0%	-4.8%	18.4%
S&P ASX 300 Resources	-3.7%	5.5%	1.3%	-3.7%	3.2%
Outperformance	-1.1%	-9.4%	8.6%	-1.1%	15.2%

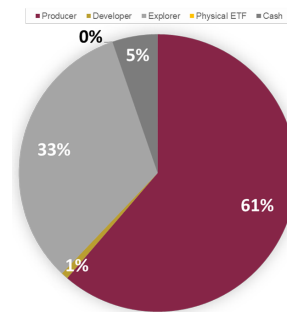
*All AGGF performance figures are net of fees.

- The Argonaut Global Gold Fund ("AGGF") fell 4.8%, net of fees, for the month of January, underperforming the ASX 300 Resources index which fell 3.7%. AGGF has delivered a return of 18.4%, net of fees, since inception (21st November 2022). The Fund's unit price as at 31 January was \$1.168.



Illustrates the relative performance of a \$1,000 investment in AGGF, net of fees, and the respective indices since the inception date of AGGF. Assumes all distributions are reinvested back into the Fund.

AGGF Portfolio Exposure (by commodity)



Market Overview

- Long term interest rates moved higher in January as robust US economic data pushed out expectations of when rate cuts would begin. This weighed on the resources market.
- In the US, the Dow Jones and the S&P 500 rose by 1.2% and 1.6% respectively, whilst in Australia, the ASX 300 and the All Ords both pushed 1.1% higher. By contrast, the 300 Resources declined by 3.7% and the ASX Gold Miners Index dropped by 6.6%. Most commodities eased with Zinc down 3.4%, Nickel falling 1.4%, Gold down 0.7% and the recent outperformer Iron Ore down 3.1%. Copper held firm, edging up 0.4%. The star performer was Oil, with the Brent crude price up 6.1%, driving the Energy index up 5.2%.

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ARGONAUT
FUNDS MANAGEMENT

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Important Disclosures

The Argonaut Global Gold Fund is a Wholesale only Fund.

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